



25 Sigourney Street
Hartford CT 06106-5032

STATE OF CONNECTICUT DEPARTMENT OF REVENUE SERVICES

PS 2001(3)

POLICY STATEMENT

Your Rights as a Connecticut Taxpayer

Purpose: The purpose of this Policy Statement is to explain the Connecticut Taxpayer Bill of Rights, which guarantees that the rights, privacy, and property of Connecticut taxpayers are safeguarded and protected during tax assessment, collection, and enforcement processes administered under the revenue laws of this state.

Statutory Authority: Conn. Gen. Stat. §12-39n.

Effective Date: Effective upon issuance.

I. You have the right to receive available information and to be provided with prompt, accurate responses to questions and requests for tax assistance.

Tax Assistance

The Department of Revenue Services (DRS) Taxpayer Services Division provides walk-in and telephone assistance to taxpayers at locations throughout the state. Toll-free telephone service is available throughout Connecticut. Our Web site is a valuable resource that is available 24 hours a day, seven days a week to assist taxpayers with forms or answering questions about Connecticut taxes. We also offer workshops that help explain Connecticut business taxes.

Administrative Pronouncements

DRS publishes written information about Connecticut taxes. These “administrative pronouncements” include:

- Special Notices, which *announce new policies or practices* of DRS in response to changes in Connecticut or federal laws and regulations or to judicial decisions;
- Policy Statements, which *explain in depth* a current position, policy or practice of DRS;
- Informational Publications, which *address frequently asked questions* about current positions, policies, or practices of DRS; and
- Announcements, which *alert* taxpayers to new administrative positions, policies, and practices of DRS.

Rulings

If you have a question about the taxability of a prospective transaction that is not addressed by a Connecticut statute or regulation, judicial decision, previously issued administrative pronouncement, or previously issued ruling, you may request a ruling from our Legal Division. For more information, request **Policy Statement 2000(7)**, *Procedures in Handling Requests for Issuance of Rulings*.

II. You have the right to request assistance from a taxpayer’s rights advocate if you have a complaint or problem. The DRS Problem Resolution/Taxpayer Advocate Office is responsible for facilitating the resolution of taxpayer complaints and problems not resolved through normal administrative channels, including any complaints regarding unsatisfactory treatment by DRS employees. If you have a tax problem that is not in litigation or subject to enforcement action, and you are unable to resolve the matter through normal channels, call **860-297-5603**, or write to: DRS Problem Resolution/Taxpayer Advocate Office, 25 Sigourney Street, Hartford CT 06106-5032.

III. You have the right to be represented or advised by counsel or other qualified representative at any time in administrative interactions with DRS. You also have the right to have audits, inspections of records, and interviews conducted at reasonable times and places. You may also represent yourself or be represented by an employee or family member. Your representative may receive or inspect confidential information if you have completed and filed a **Form LGL-001, Power of Attorney**.

IV. You have the right to receive simple, nontechnical statements, which explain the procedures, remedies, and rights available during audit, appeal, and collection proceedings. You have the right to be provided with a narrative description, which explains the basis of audit changes, proposed assessments, assessments and denials of refunds; identifies the amount you owe in tax, interest, and penalties; and states the consequences of your failure to comply with the notice.

A. The Audit Process

We accept most Connecticut tax returns as filed. However, if your return is selected for audit, it does not mean that we believe you made an error or are dishonest. Returns are chosen by computerized audit selection programs or by random sample. Some returns are audited because of information developed in another audit or information received from other government agencies. If we inquire about your return or select it for audit, you will not necessarily have to pay more tax. We may close your case without change or you may receive a refund.

Most audits are handled through the mail (office audits). Some audits are conducted at your place of business (field audits) and usually begin when we notify you that your return has been selected. We will tell you which records you will need to show us.

Technical Advice Memoranda

If you dispute the interpretation and application of certain Connecticut tax statutes during an audit, you may request a technical advice memorandum from our Legal Division. For more information, request **Policy Statement 2000(8)**, *Procedures in Handling Requests for Issuance of Technical Advice Memoranda*.

Completing the Audit

If we propose any changes to your return, we will explain in writing the reasons for the changes. We will give you audit workpapers that describe the basis of any audit changes. We will also give you a copy of the Tax Determination Report that will summarize all adjustments made on the workpapers and show the proposed amount of tax, interest, and penalty due. If you agree to the changes proposed by our Audit Division, we will process the audit and issue you a notice of assessment.

If you disagree with the proposed changes, you may request an informal conference by contacting the manager or supervisor in the office that conducted the audit by the date indicated on the Tax Determination Report. At the conference, you should be prepared to discuss all disputed issues and to submit all documentation necessary to support your position. At the completion of the conference, adjustments, if any, will be made to the proposed audit assessment. The audit will then be processed and forwarded to our main office and a notice of assessment will be issued. If you disagree with the notice of assessment, you may protest the notice of assessment to our Appellate Division. (See "The Appellate Process.")

Waivers

There are laws (statutes of limitation) that limit the time that we have to audit your return and the time that you have to amend your return. If we need more time than is allowed under the statute of limitations, we will ask you to sign an agreement, known as a waiver. A waiver extends the time within which we can audit your returns and the time within which you can amend your returns. The amount of time granted in the waiver may be further extended if we both agree. This must be done before the expiration date of the original waiver. You are not required to sign the waiver, but if you choose not to sign it, we may propose an adjustment based on the information available to us at that time. This may cause you to pay more tax than you would have paid if we had additional time to audit your returns.

Audit Assessment Payments

Between the time you receive the Tax Determination Report and the notice of assessment, one or more months of additional interest may accrue on the tax assessed. To avoid additional interest, send an advance payment with a copy of the Tax Determination Report to: DRS Audit Division, Control Unit, 25 Sigourney Street, Hartford CT 06106-5032.

Deposit in the Nature of a Cash Bond

If you object to the audit assessment and wish to minimize the accrual of interest, you may make a deposit in the nature of a cash bond. By doing so, you are not agreeing with the assessment, nor are you giving up your right to protest the assessment. (See "The Appellate Process.")

To make a deposit, you must file **Form APL-004**, *Deposit in the Nature of a Cash Bond*. For more information, request **Informational Publication 2000(18)**, *Deposits in the Nature of a Cash Bond*.

The deposit may be made either before or after you receive a notice of assessment from us, but before:

- The expiration of the time period for contesting the assessment, or
- The entry of an order by the Superior Court upholding the assessment, whichever is later.

You may request a return of all or part of the deposit during the same time period during which you could make the deposit. We will refuse to return your deposit only if we determine that the collection of your tax would otherwise be in jeopardy. You will not receive interest on any portion of the deposit that is returned.

Claims for Refund

If you believe that you overpaid your tax for a tax period, you may claim a refund by filing an amended return for that tax period. The amended return generally must be filed no later than three years after the due date

of the tax return. **Note:** If you were granted an extension of time to file your income tax return for a taxable year beginning on or after January 1, 2000, an amended return must be filed no later than three years after the extended due date of the tax return, or three years after the date the return was filed, whichever is earlier.

If you are financially disabled, the time to file a claim is extended for as long as you are financially disabled. You are considered financially disabled if you are unable to manage your own financial affairs by reason of a medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months. You are not considered financially disabled during any period that your spouse or any other person is authorized to act on your behalf in financial matters.

After your claim for refund is reviewed, we will tell you whether we propose to allow, or disallow, all or part of your claim for refund. If we have told you that we propose to disallow all or part of your claim for refund, and you disagree with the proposed disallowance, you may protest the notice of proposed disallowance to the DRS Appellate Division. (See “The Appellate Process.”)

B. The Collection and Enforcement Process

The Collection and Enforcement Division (C&E Division) is responsible for ensuring that tax returns are filed and tax liabilities are paid. Our C&E Division employs a collection strategy that includes written, telephone, and personal contact. Our C&E Division also makes assessments against responsible persons (for withholding tax, motor vehicle fuels tax, and sales tax) and against successors (for sales tax and admissions tax). You have the right to protest these assessments. (See “The Appellate Process.”)

Payment Arrangements

You should make every effort to pay your Connecticut taxes in full. If you cannot pay in full, you should pay as much as you can and ask the Revenue Examiner or Appellate Officer, as the case may be, to contact our C&E Division to set up a payment plan. A tax lien may be placed on your property to secure our ability to collect the tax, even if a payment plan is approved. You must make a full financial disclosure to enable us to determine if a hardship exists. You may also be asked to seek financing from a bank or lending institution before we approve a payment plan. If we approve your request for a payment plan, the plan will stay in effect only if:

- You provide accurate, correct, and complete financial information;
- You pay each installment on time;
- You pay your future tax obligations when they become due; and
- You provide up-to-date financial information when requested.

We will accept your request for a payment plan based upon current DRS policies. The payment terms may be altered if a review of your current financial records discloses a change in your financial condition, or if new DRS policies are established. If your payment plan is modified, we will give you thirty (30) days' notice before any changes become effective.

V. You have the right to be informed of impending collection actions, which require sale or seizure of your property or freezing of your assets, except in the case of jeopardy assessments. You have the right to at least thirty (30) days' notice in which to pay the liability or seek further review. We will offer you the opportunity to pay your tax obligations voluntarily. It is very important that you immediately respond to our attempts to contact you. If you do not respond, we may have no choice but to begin enforcement action.

Generally, we will give you at least thirty (30) days' notice of our intent to take civil enforcement action. If you fully pay your tax obligation within the thirty day period, no enforcement action will be taken. However, if you resolve one obligation and incur another, we will continue with collection enforcement activities.

Certain tax violations are subject to criminal penalties (for example, willfully failing to file tax returns or willfully filing fraudulent or materially false tax returns). These types of violations are subject to immediate enforcement action.

VI. You have the right to have all other collection actions attempted before a jeopardy assessment is issued unless delay will endanger collection. After a jeopardy assessment is made, you have the right to an immediate review of the jeopardy assessment. If we believe that the collection of any tax will be jeopardized by delay, we may estimate your tax obligations for particular periods and assess and collect the tax immediately. These assessments are called jeopardy assessments. Should you be so assessed, you may protest the assessment and you may obtain a stay of collection of all or any part of the jeopardy assessment. To obtain a stay of collection, you will be required to post a security deposit. If you disagree with the notice of assessment, you may file a protest with our Appellate Division (see “The Appellate Process”). Your protest

must be received within ten (10) days, or must bear a U.S. postmark that is within ten (10) days, after the date of the notice of jeopardy assessment. (See “Mailing or Delivering Returns, Protests or Other Documents, or Payments, to DRS.”)

VII. You have the right to seek review, through formal or informal proceedings, of any adverse decisions relating to determinations in the audit or collection process.

C. The Appellate Process

If you disagree with a notice of assessment or notice of proposed disallowance, you may file a protest with our Appellate Division. Like other DRS divisions, our Appellate Division will work with you to resolve any outstanding issues, but it cannot disregard Connecticut tax laws in order to settle a dispute. If you are protesting a notice of assessment and have not paid the assessment, interest will continue to accrue on the tax assessed while your protest is being considered by our Appellate Division. (To minimize the accrual of interest, see “Deposit in the Nature of a Cash Bond.”)

To protest a notice of assessment or notice of proposed disallowance, write to: DRS Appellate Division, 25 Sigourney Street, Hartford CT 06106-5032 (or fax to: 860-297-4780). A protest (other than a protest of a jeopardy assessment) must be received within sixty (60) days, or must bear a U.S. postmark that is within sixty (60) days, after the date of the notice of assessment or notice of proposed disallowance. A protest of a jeopardy assessment must be received within ten (10) days, or must bear a U.S. postmark that is within ten (10) days, after the date of the notice of assessment. (See “Mailing or Delivering Returns, Protests or Other Documents, or Payments, to DRS.”) The protest must clearly state in writing:

- Your name and address;
- Your Tax Registration Number or Social Security Number;
- Tax type;
- Taxable period or periods;
- A statement of your protest of the notice of assessment or proposed disallowance;
- A detailed description of the disputed issues;
- A factual statement for each disputed issue that supports your position and a statement of the law or other authority on which you rely; and
- The audit control number (if you are protesting a notice of assessment).

When we receive your protest, we will send you a letter acknowledging its receipt. Your protest will be

assigned to an Appellate Officer (or Appellate Specialist). You will have the opportunity to provide the Appellate Officer with any information that you believe will help resolve your protest. The Appellate Officer will gather and consider all relevant information and send you a final determination letter concerning your protest and explaining the statutory authority for that determination.

If you disagree with the final determination letter, you may take an appeal to the Superior Court for the Judicial District of New Britain within one month from the date of the final determination letter.

VIII. You have the right to have your tax information kept confidential unless otherwise specified by law. We take all necessary precautions to ensure that your information is safe and secure. However, in accordance with reciprocal agreements with other jurisdictions, we may disclose your tax information to tax officers of other jurisdictions and to the Internal Revenue Service. We may also disclose your tax information to other government agencies, if it appears that you are violating a law that those agencies are charged with enforcing. You may request a copy of a previously filed tax return by completing **Form LGL-002, Request for Disclosure of Tax Return or Tax Return Information**.

IX. You have the right to procedures for requesting the cancellation, release, or modification of liens filed by DRS. You have the right to request that any lien filed in error be so noted on the lien cancellation filed by DRS, in public notice, and in notice to any credit agency. We may record liens against your real and personal property to ensure the payment of your taxes. Upon full payment of your tax obligations, we will issue a Certificate of Release, but you are responsible for having the Certificate of Release recorded. You have the right to question the recording of a tax lien.

X. You have the right to procedures that ensure that individual DRS employees are not paid, evaluated, or promoted on the basis of the amount of assessments or collections from taxpayers. We employ trained professionals whose performances are evaluated on the basis of the quality of service that is provided.

XI. You have the right to have DRS begin and complete its audits in a timely and expeditious manner after notification of intent to audit. We may, however, choose to audit your returns for several years at the same time to minimize the disruption for you.

Mailing or Delivering Returns, Protests or Other Documents, or Payments, to DRS

Returns, protests or other documents, or payments, if deposited in the U.S. mail, are deemed to be received by DRS on the date of the U.S. postmark stamped on the envelope. On or after October 1, 1999, returns, protests, or other documents, or payments, if delivered to DRS by a designated private delivery service, are deemed to be received by DRS on the date recorded or marked in the manner described in I.R.C. §7502 by a designated private delivery service. *References in this Policy Statement to a U.S. postmark should be read as including any date recorded or marked in the manner described in I.R.C. §7502 by a designated private delivery service.* In general, designated private delivery services are those private delivery services designated by the Secretary of the Treasury of the United States under I.R.C. §7502. The list of designated private delivery services is subject to change. Contact DRS for a current list of designated private delivery services. For more information, request **Special Notice 99(14), Designated Private Delivery Services**.

Penalty Waiver

If you believe that a penalty should be waived, you have the right to request a penalty waiver. Requests for a penalty waiver must be in writing and contain a clear and complete explanation of why you believe the penalty should not be imposed. You should attach copies of any documents that support your request. Mail to: DRS Penalty Review Committee, PO Box 5089, Hartford CT 06102-5089.

Interest cannot be waived. You must pay all tax and interest due before a penalty waiver request will be considered.

Offers of Compromise

DRS is authorized to accept an offer of compromise if it is based upon *doubt as to your liability* for a tax assessment. An offer of compromise based upon doubt as to liability may be made only to our Appellate Division. To request an offer of compromise from our Appellate Division, call 860-297-4775.

DRS is also authorized to accept an offer of compromise if it is based upon *doubt as to the collectibility* of a tax assessment from you. An offer of compromise based upon doubt as to collectibility may be made only to our C&E Division. To request an offer of compromise from our C&E Division, call 860-297-5901. Offers of compromise based upon both doubt as to your liability for a tax assessment and doubt as to its collectibility from you may be made only to our Appellate Division. For more information on offers of compromise, see **Information Publication 2001(10), Procedures in Handling Offers of Compromise**.

Effect on Other Documents

This Policy Statement modifies and supersedes **Policy Statement 99(4), Your Rights as a Connecticut Taxpayer**.

Effect of This Document

A Policy Statement is a document that explains in depth a current DRS position, policy, or practice affecting the tax liability of taxpayers.

For Further Information

Call DRS during business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday:

- **1-800-382-9463** (toll-free from within Connecticut) or
- **860-297-5962** (from anywhere).

TTY, TDD, and Text Telephone users only may transmit inquiries 24 hours a day by calling 860-297-4911.

Forms and Publications

Forms and publications are available all day, seven days a week:

- **Internet:** Preview and download forms and publications from the DRS Web site: **www.drs.state.ct.us**
- **DRS TAX-FAX:** Call **860-297-5698** from the handset attached to your fax machine and select from the menu; or
- **Telephone:** Call **1-800-382-9463** (toll-free from within Connecticut) and select **Option 2** from a touch-tone phone, or **860-297-4753** (from anywhere).